

JOINT MEETING – BOARD OF SELECTMEN & FINANCE COMMITTEE
MARCH 20, 2013

I. Call to Order/Roll Call

Board of Selectmen Chairman Paul Salafia called the Joint Meeting of the Board of Selectmen and Finance Committee to order at 7:08P.M. in the Selectmen's Conference Room at the Town Offices. Roll call: Paul Salafia-Y, Mary Lyman-Y, Alex Vispoli-Y and Dan Kowalski-Y. Also present: Town Manager Buzz Stapczynski, Assistant Town Manager Steve Bucuzzo, Finance Director Donna Walsh and Acting DPW Director Chris Cronin. The meeting was duly posted and cable-cast live.

Finance Committee Chairman S. Jon Stumpf opened the meeting of the Finance Committee at 7:03 P.M. Present were: Joanne Marden-Y, Mark Merritt-Y, Margaret Kruse-Y, Linn Anderson-Y, Jeannie Moffitt-Y, Paul Fortier-Y, Greg Serrao-Y.

II. Opening Ceremonies

Chairman Salafia asked for a Moment of followed by the Pledge of Allegiance led by Emily and Grace Kowalski.

III. FY-2014 Budget Presentations

▪ Water & Sewer Division

A revised FY-14 Budget and a high level review of the Water/Sewer Operations Budget were distributed to the attendees. The average household uses 11,000 cu. ft. of water/sewer each year – with an 8% increase in sewer rates the average household bill would increase \$28-29 per year. The chart shows a periodic increase of 2.5% increase per year to keep pace with a 20% reserve factor to maintain the reserve at a prudent level. Water reserves are running high and although they did not need an increase in the water rate for FY-13, they are recommending a 2.5% increase for FY-2014. Indirect costs increase \$7.77 per year for average households – the modest increases each year help to keep abreast of expenses.

The Board talked about the revenue received from North Reading for the sale of water and noted that North Reading is exploring their options to do more within their own town which would be a potential loss in our water revenue.

	<u>FY13</u>	<u>FY14</u>	<u>\$/Chg</u>
Sewer operations	\$2,555,908	\$2,238,421	(\$ 317,487)
Water operations	<u>\$3,824,405</u>	<u>\$4,299,825</u>	<u>\$ 475,420</u>
Total	\$6,380,313	\$6,538,246	\$ 157,933

III. FY-2014 Budget Presentations

There has been no change in the total number of FTE's for water and sewer but positions were moved within the two departments.

Water Reserves are used for small capital projects and expenses rather than from borrowing. This year they will use the reserves to cover \$195,000 expenses for the Hydrant Flushing Program and for water vehicles. The Water Treatment Plant has been the focus of improvements in prior years and going forward the focus will be on the infrastructure for the distribution of water.

A comparison of Andover's water rates with peer groups and other communities in the Merrimack Valley shows Andover with the 4th lowest annual water bill; a water rate increase of \$3.01 for FY-14 with an average household bill of \$316.00 would move us down by one in the peer group with no change in the comparable Merrimack Valley communities. Andover's sewer rates are very favorable in comparison to the towns listed on the chart distributed. The Town Manager's recommended Water and Sewer Budget for FY-14 if approved would be effective July 1, 2013.

Selectman Kowalski suggested using the Debt Analysis Tool over a five year period and factoring in the entire OPEB amount to see how it affects the water and sewer rates.

- Capital Improvement Projects

A revised chart of the FY-14 General Fund Non-Exempt Borrowing Projects was distributed by the Town Manager. The original budget of \$9.1M has been changed by reducing amounts requested, moving some items to be paid by Free Cash and deferring other amounts. The new chart shows the total bonding amount of \$5,325,000, the use of Free Cash at \$1,500,000 and deferring \$1,480,000.

The beginning certified balance of Free Cash is \$4,073,271 with the following items to be funded through Free Cash: General Fund Projects \$1,500,000, Stabilization Fund (Bond Premium Reserve) \$600,000, Stabilization Fund (General Reserve) \$400,000 and the FY-13 Snow and Ice Deficit (which includes filling salt sheds) \$373,000. The ending balance of Free Cash after Town Meeting in May 2013 would be \$1,200,271.

It was suggested to establish a special Stabilization Fund to appropriate bond premiums to be used to payout principal and interest in future years. This will require a 2/3 vote at Town Meeting. The amount available would depend upon the interest rate.

Both the Selectmen and Triboard have questions regarding the IT Budget, expenses, long term goals, funding and future plans. The Town Manager will arrange a meeting with Paul Puzzanghera and representatives from each Board.

The Boards talked about a timetable to accomplish all of the remaining items to be covered before Town Meeting. The Finance Committee Report goes to print in early April; the next Joint meeting is Wednesday, March 27th along with a Tri-Board meeting with the School Committee.

IV. Adjournment

At 9:17 P.M. on a motion by Selectman Lyman and seconded by Selectman Kowalski, the Board of Selectmen voted 4-0 to adjourn. Roll call: Paul Salafia-Y, Mary Lyman-Y, Alex Vispoli-Y, and Dan Kowalski-Y.

The Finance Committee adjourned on a motion by Mark Merritt and seconded by Linn Anderson. Roll call: Joanne Marden-Y, Mark Merritt-Y, Margaret Kruse-Y, Linn Anderson-Y, Jeannie Moffitt-Y, Paul Fortier-Y, Greg Serrao-Y.

Respectfully submitted,

Dee DeLorenzo, Recorder

Documents: Chart of Andover Water Rate Comparisons
FY-14 Revised Town Managers Recommended Budget
FY-14 Town Manager's Revised Recommendations – GF Non-Exempt Borrowing
and Proposed Use of Free Cash